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January 17, 2008

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
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P.O. Box 615
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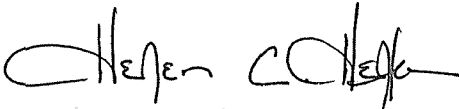
**RE: IN THE MATTER OF: THE JOINT APPLICATION OF
HERITAGE OPERATING L.P. AND BRIGHT'S PROPANE
SERVICE, INC. FOR APPROVAL OF THE TRANSFER AND
ACQUISITION OF ASSETS AND CERTIFICATES OF PUBLIC
CONVENIENCE**

Dear Ms. O'Donnell:

Enclosed please find the Joint Applicants' Response to the Office of the Attorney General's Supplemental Request for Information. The original Response and ten (10) copies are provided for the Commission. We have provided a copy of the Response to the Office of Attorney General, as well.

Should you have any questions, please feel free to contact me.

Sincerely,



Helen C. Helton

HCH:mew

Enclosures

Cc: Deborah T. Eversole

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 18 2008

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE JOINT APPLICATION OF HERITAGE)
OPERATING L.P. AND BRIGHT'S PROPANE)
SERVICE, INC. FOR APPROVAL OF) CASE NO. 2007-00494
TRANSFER AND ACQUISITION OF ASSETS)
AND CERTIFICATES OF PUBLIC)
CONVENIENCE)

**JOINT APPLICANT'S RESPONSE TO ATTORNEY
GENERAL'S SUPPLEMENTAL REQUEST FOR INFORMATION**

Joint Applicants, for the Response to Attorney General's Supplemental Request
for Information,

1. Please reference the joint applicants' responses to OAG 1-1. Provide information describing in detail Mr. Manion's experience in operating a propane distribution system similar to that of Bright's. (The description should include at a minimum the location, size, and reliability of any examples.) Regardless of whether Mr. Manion has any such experience, identify all other persons on the Bright's management team (other than consultants such as John Bright) who have experience with piped propane distribution systems.

RESPONSE: Mr. Manion has not operated a propane distribution system similar to Bright's. All of Bright's employees, who will be retained pursuant to the proposed transaction, have experience operating Bright's propane distribution system. These employees include certified pipeline operator James E. Gibson, who has been with Bright's for thirty-three years.

2. Reference the Joint Applicants' response to PSC 1-4. Heritage's response indicates that it ". . . operates no distribution systems and has no systems that are regulated."

- a. Will the Joint Applicants acknowledge that at the informal conference held in this matter at the Public Service Commission on November 15, 2007, that Heritage stated that it owned and operated other propane distribution systems in other states? If so, identify the state, county and city where each such system is located.

RESPONSE: At the informal conference, Heritage stated that it has experience with piped systems. It did not state that it has experience with rate-regulated distribution systems such as Bright's.

- b. For each such propane delivery system identified, state the number of customers served, and for how many years each system has been in operation.

RESPONSE: Not applicable.

- c. [BEGIN CONFIDENTIAL] Describe the "OPS System" identified in the exhibit attached to Joint Applicants' response to PSC 1-4 that operates in Nicholasville, KY.

RESPONSE: The OPS, which is located in London rather than in Nicholasville, is safety-regulated, and not rate-regulated. It consists of a 10,000 gallon tank that supplies gas through 100 feet of line to 20 apartments. The gas is billed to the customer, the property owner, who includes heating in the rent.

- i. State why the operation in Nicholasville, KY is not subject to the jurisdiction of the Kentucky Public Service Commission.

RESPONSE: The referenced system is not a distribution system.

- ii. Is the Nicholasville system a propane distribution system with end consumers, or is it a propane pipeline (i.e., either transportation or transmission) operation? If the former, identify the individuals responsible for the management of that system. [END CONFIDENTIAL]

RESPONSE: The referenced system is neither a transportation system nor a transmission system.

- iii. If Heritage has no experience with piped propane distribution systems, state precisely how its experience with transportation/transmission pipeline systems will enable it to operate a distribution system.

RESPONSE: Mr. Manion's credentials have been filed in this case, along with Joint Applicants' statement that Bright's employees, who are knowledgeable, will be retained and Joint Applicants' statement that Mr. Bright will assist in the transition period.

3. Please reference the Joint Applicants' responses to OAG 1-1d. Provide information describing in detail Mr. Manion's experience in addressing and

handling customer service issues in a propane distribution system similar to that of Bright's.

RESPONSE: Mr. Manion has had a very successful career providing consumers with propane service and dealing with their concerns. Moreover, Mr. Manion's experience has been accrued in a competitive environment, underscoring his skills in customer relations and services.

4. Is Heritage acquiring all the liabilities of Bright's? If not, please specify which ones are not being acquired.

RESPONSE: As the proposed transaction is an asset acquisition rather than an acquisition of the corporation, none of Bright's liabilities will be acquired.

5. Please reference the joint applicants' response to OAG 1-5. Explain what is meant when the joint applicants state that "this case concerns the transfer not of a company but its assets."

a. Explain in detail how the consistency of a regulated entity's board of directors is irrelevant to a case such as the instant one in which the central issue is the transfer of ownership of, or control, or the right to control a utility under the jurisdiction of the Kentucky Public Service Commission.

RESPONSE: This is an asset acquisition. Bright's as a business entity will no longer exist after the transaction has occurred. Thus, Bright's Board of Directors, and membership therein, is not an issue.

6. Please reference the Joint Applicants' response to AG ODR 1-6. Provide the response requested.

RESPONSE: LTJ Transport is owned by Thomas Bright, John Bright and Laura Bright Adams. Thomas Bright is majority shareholder and John Bright and Laura Bright Adams are minority shareholders. The company owns three (3) tractors and (3) trailers and is located in Burgin, Kentucky.

7. Please reference the Joint Applicants' response to OAG 1-8 which refers to the Joint Applicants' response to OAG 1-22 which was not provided but was "redacted." Provide the response.

RESPONSE: Joint Applicants' response to the Attorney General's Data Request No. 22 has previously been provided as confidential information as of January 15, 2007.

8. Reference the Joint Applicants' response to AG DR-1-15. Provide copies of any and all due diligence reports which in any manner address the transaction contemplated in Joint Applicants' petition, regardless of the specific purpose for which said reports were created.

RESPONSE: After discussion with the undersigned representative of Heritage and to the best of his knowledge and belief there are no due diligence reports readily identifiable and accessible addressing the contemplated transaction regarding Bright's Propane Service regardless of the specific purpose for which said reports were created.

9. Please reference the Joint Applicants' response to OAG 1-17. The answer was non-responsive because the Joint Applicants' apparently interpreted the question to relate to meetings *convened specifically for the purpose of discussing the*

transfer rather than meetings where it was discussed, as the Attorney General had intended. Please provide the response.

RESPONSE: After discussion with the undersigned representative of Heritage and to the best of his knowledge and belief there are no readily identifiable and accessible reports of meetings where the contemplated transaction regarding Bright's Propane Service might have been discussed.

10. Reference the Joint Applicants' response to AG DR-1-20. Provide the information requested (i.e., the question requested "financial analyses;" no reference was made to "financing").

RESPONSE: Based on acquisition discussions, to the best of his knowledge and belief, the undersigned representative of Heritage states there are no reports specifically addressing financial analysis of Bright's Propane Service that are readily identifiable and accessible reports.

11. Please reference the Joint Applicants' response to OAG 1-21 which refers to the Joint Applicants' response to OAG 1-22 which was not provided but was "redacted." Provide the response.

RESPONSE: Joint Applicants' response to the Attorney General's Data Request No. 22 has previously been provided as confidential information as on January 15, 2007.

12. Please reference the Joint Applicants' response to OAG 1-23. The response refers to "assets." Do the Joint Applicants confirm that Bright's will not in any manner become financially liable for any debts as well?

RESPONSE: After the transaction, assets currently belonging to Bright's will be the property of Heritage Operating, LLP. Bright's the entity will no longer exist.

13. Please reference the Joint Applicants' response to OAG 1-28. The first part of the question does not ask for comment on the merits, or lack thereof, of any allegation; rather, the question requests the Joint Applicants' to identify any such allegation(s). Please provide the same.

RESPONSE: The only such legal matters of which Heritage is aware and which it considers to involve similar alleged "inappropriate conduct" are:

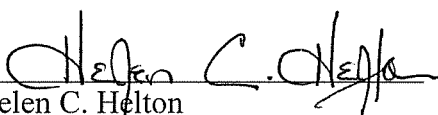
1. That certain Order to Show Cause and Notice of Proposed Penalties pending before the Federal Energy Regulatory Commission, *In Re Energy Transfer Partners, LP, et al.*, Docket Number IN06-3-002 ("the FERC Order to Show Cause"). The case documents are available on FERC's website. The response filed in the case is self-evident with respect to the merits of the FERC Order to Show Cause; and

2. Those certain consolidated putative class actions entitled *Hershey v. Energy Transfer Partners, et al.*, Case Number 4:07-cv-03349 and *Gracey v. Energy Transfer Partners, et al.*, Case Number 3:07-cv-492 filed in the United States District Court for the Southern District of Texas. Heritage understands that both of these actions involve the same common set of facts and alleged actions as the FERC Order to Show Cause.

14. Please provide the name of the witness who provided to each response in the initial request for information as well as these supplemental ones.

RESPONSE: Mr. John Bright and Mr. Tommy Manion are witnesses for Bright's, and Heritage, respectively.

Respectfully submitted,


Helen C. Helton
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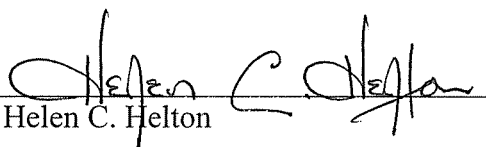
Counsel for Bright's Propane Service, Inc.

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500 West Jefferson Street
Louisville, Kentucky 40202
(502) 568-5770
Deborah.Eversole@skofirm.com

Counsel for Heritage Operating L.P.

CERTIFICATE OF SERVICE

It is hereby certified that this 18th day of January, 2008, I have served the foregoing by U.S. Mail, postage prepaid, upon Dennis G. Howard II, Lawrence W. Cook, and Paul D. Adams, Assistant Attorneys General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.


Helen C. Helton

JAN-16-2008 10:48

P.03/03

CERTIFICATION

The undersigned, JOHN N. BRIGHT, being first duly sworn, states that he is VICE PRESIDENT of Bright's Propane Service, Inc., and certifies that he supervised the preparation of the foregoing responses and that the responses are true and accurate to the best of his knowledge, information and belief formed after a reasonable inquiry.

John N. Bright

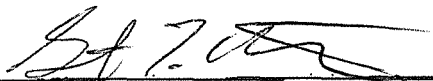
Subscribed and sworn to before me, this 16th day of JANUARY, 2008.

Connie F. Sims
Notary Public

My Commission expires: 1-03-09

CERTIFICATION

The undersigned, Steven T. Marion, being first duly sworn, states that he is V.P. Regional Mgr. of Heritage Operating, L.P., and certifies that he supervised the preparation of the foregoing responses and that the responses are true and accurate to the best of his knowledge, information and belief formed after a reasonable inquiry.



Subscribed and sworn to before me, this 16th day of January, 2008.


Notary Public

My Commission expires: 12/10/09.